

just showed, that makes and unequivocal commitment of every single Member of this House that voted that day. Not one single Democrat voted against that. Nobody has voted against that. The President of the United States signed it into law.

Mr. Speaker, it says clearly and simply we are going to, by December 31, midnight, 1995, we will enter into a balanced budget agreement that will show by the year 2002 the amount that we spend is going to be in balance with the amount that we take in.

It has been 18 days since the President signed that into law. The President has not given one ounce of indication as to exactly what he is going to do; how he is going to get to that point. We have a piece of legislation that has been passed on the Senate side and the House side. It has been passed in conference. It is, in fact, the Balanced Budget Act of 1995.

Mr. Speaker, if the President does not like it, would the President please come forward; would the Democratic leaders in the Congress please come forward; would the Democratic leaders in the Senate come forward and tell us where they differ.

PERMISSION FOR SUNDRY COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. DREIER. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House under the 5-minute rule. Committee on Agriculture, Committee on Commerce, Committee on Economic and Educational Opportunities, Committee on Government Reform and Oversight, Committee on International Relations, Committee on National Security, Committee on Resources, and the Committee on Science.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore (Mr. RADANOVICH). Is there objection to the

request of the gentleman from California?

There was no objection.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 1058, PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Mr. DREIER. Mr. Speaker, by direction of the Committee on Rules, I called up House Resolution 290 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 290

*Resolved*, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 1058) to reform Federal securities litigation, and for other purposes. All points of order against the conference report and against its consideration are waived.

The SPEAKER pro tempore. The gentleman from California [Mr. DREIER] is recognized for 1 hour.

Mr. DREIER. Mr. Speaker, I yield the customary 30 minutes to my good friend, the gentleman from Dayton, OH [Mr. HALL], pending which I yield myself such time as I may consume. All time yielded is for purposes of debate only.

(Mr. DREIER asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. DREIER. Mr. Speaker, this rule provides for consideration of the conference report to accompany H.R. 1058, the Securities Litigation Reform Act. All points of order against the conference report and against its consideration are waived.

Securities litigation reform is not some abstract proposal that will prove meaningless to everyone but a few overlitigious lawyers and assorted legal professors around the country. This bill is about jobs. This is a critical step in our effort to help create more high-quality private-sector jobs here at home.

Private securities litigation is undertaken today in a system that encourages meritless cases, destroys thou-

sands of jobs, undercuts economic growth, and raises the prices that American families pay for goods and services.

This legislation targets a particularly abusive class of securities lawsuits often filed with the sole intention of extorting pretrial settlement from companies whose stock has fallen in value. Because of the innovative nature of the work of high-technology companies, their stock values are inherently volatile, making them frequent targets of strike-suit lawyers. For example, nearly every company in California's Silicon Valley has faced this type of litigation, and this problem also plagues the cutting-edge biotechnology industry.

In States like California, where high-technology companies are a critical component of economic recovery and revitalization, strike suits aimed at crippling legitimate high technology firms are crippling prospects for growth and job creation.

The conference report on H.R. 1058 represents a bipartisan, bicameral agreement on securities litigation reform that will promote good business practices, protect investors' rights, and free innocent parties from wasteful and baseless litigation designed to enrich litigators alone. While Chairman BLILEY and Chairman FIELDS have done tremendous work to bring this conference agreement to the floor, I must note the efforts of my colleague from Newport Beach, CA, CHRIS COX.

CHRIS, a former securities lawyer, has been involved in securities litigation reform since his days at Harvard Law School. He has pushed this important reform effort throughout his 6 years in the House, and was ready to move forward at the beginning of this year when success became a possibility. His hard work and leadership has been critical to this effort.

Mr. Speaker, I urge my colleagues to support this fair rule and move to debate of the conference agreement on H.R. 1058.

Mr. Speaker, I include for the RECORD the following material from the Committee on Rules:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,<sup>1</sup> 103D CONGRESS V. 104TH CONGRESS  
[As of December 1, 1995]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open <sup>2</sup>	46	44	56	66
Modified Closed <sup>3</sup>	49	47	20	24
Closed <sup>4</sup>	9	9	9	10
Total	104	100	85	100

<sup>1</sup> This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

<sup>2</sup> An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

<sup>3</sup> A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

<sup>4</sup> A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS  
[As of December 1, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	0	H.R. 5	Unfunded Mandate Reform	A: 350-71 (1/19/95).

## SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of December 1, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255-172 (1/25/95).
H. Res. 51 (1/31/95)	O	H.J. Res. 1	Balanced Budget Amdt	A: voice vote (2/1/95).
H. Res. 52 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/2/95).
H. Res. 60 (2/6/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/7/95).
H. Res. 61 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	O	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 668	Criminal Alien Deportation	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	MO	H.R. 728	Law Enforcement Block Grants	PQ: 229-100; A: 227-127 (2/15/95).
H. Res. 88 (2/16/95)	MC	H.R. 7	National Security Revitalization	PQ: 230-191; A: 229-188 (2/21/95).
H. Res. 91 (2/21/95)	O	H.R. 831	Health Insurance Deductibility	A: voice vote (2/22/95).
H. Res. 92 (2/21/95)	MC	H.R. 830	Paperwork Reduction Act	A: 282-144 (2/22/95).
H. Res. 93 (2/22/95)	MO	H.R. 889	Defense Supplemental	A: 252-175 (2/23/95).
H. Res. 96 (2/24/95)	MO	H.R. 450	Regulatory Transition Act	A: 253-165 (2/27/95).
H. Res. 100 (2/27/95)	O	H.R. 1022	Risk Assessment	A: voice vote (2/28/95).
H. Res. 101 (2/28/95)	MO	H.R. 926	Regulatory Reform and Relief Act	A: 271-151 (3/2/95).
H. Res. 103 (3/3/95)	MO	H.R. 925	Private Property Protection Act	
H. Res. 104 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	A: voice vote (3/6/95).
H. Res. 105 (3/6/95)	MO	H.R. 988	Attorney Accountability Act	A: 257-155 (3/7/95).
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95).
H. Res. 109 (3/8/95)	MC			PQ: 234-191 A: 247-181 (3/9/95).
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps	A: 242-190 (3/15/95).
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amdt	A: voice vote (3/28/95).
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95).
H. Res. 119 (3/21/95)	MC			A: 217-211 (3/22/95).
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 423-1 (4/4/95).
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: voice vote (4/6/95).
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228-204 (4/5/95).
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 253-172 (4/6/95).
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95).
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95).
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414-4 (5/10/95).
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95).
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95).
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95).
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252-170 A: 255-168 (5/17/95).
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233-176 (5/23/95).
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225-191 A: 233-183 (6/13/95).
H. Res. 167 (6/15/95)	O	H.R. 1817	MillCon Appropriations FY 1996	PQ: 223-180 A: 245-155 (6/16/95).
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232-196 A: 236-191 (6/20/95).
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221-178 A: 217-175 (6/22/95).
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95).
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258-170 A: 271-152 (6/28/95).
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps	PQ: 236-194 A: 234-192 (6/29/95).
H. Res. 185 (7/1/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235-193 D: 192-238 (7/12/95).
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230-194 A: 229-195 (7/13/95).
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242-185 A: voice vote (7/18/95).
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232-192 A: voice vote (7/18/95).
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95).
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217-202 (7/21/95).
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95).
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95).
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230-189 (7/25/95).
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95).
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409-1 (7/31/95).
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 255-156 (8/2/95).
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323-104 (8/2/95).
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	A: voice vote (9/12/95).
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	A: voice vote (9/12/95).
H. Res. 218 (9/12/95)	O	H.R. 1162	Deficit Reduction Lockbox	A: voice vote (9/13/95).
H. Res. 219 (9/12/95)	O	H.R. 1670	Federal Acquisition Reform Act	A: 414-0 (9/13/95).
H. Res. 222 (9/18/95)	O	H.R. 1617	CAREERS Act	A: 388-2 (9/19/95).
H. Res. 224 (9/19/95)	O	H.R. 2274	Natl. Highway System	PQ: 241-173 A: 375-39-1 (9/20/95).
H. Res. 225 (9/19/95)	MC	H.R. 927	Cuban Liberty & Dem. Solidarity	A: 304-118 (9/20/95).
H. Res. 226 (9/21/95)	O	H.R. 743	Team Act	A: 344-66-1 (9/27/95).
H. Res. 227 (9/21/95)	O	H.R. 1170	3-Judge Court	A: voice vote (9/28/95).
H. Res. 228 (9/21/95)	O	H.R. 1601	Internatl. Space Station	A: voice vote (9/27/95).
H. Res. 230 (9/27/95)	C	H.J. Res. 108	Continuing Resolution FY 1996	A: voice vote (9/28/95).
H. Res. 234 (9/29/95)	O	H.R. 2405	Omnibus Science Auth	A: voice vote (10/11/95).
H. Res. 237 (10/17/95)	MC	H.R. 2259	Disapprove Sentencing Guidelines	A: voice vote (10/18/95).
H. Res. 238 (10/18/95)	MC	H.R. 2425	Medicare Preservation Act	PQ: 231-194 A: 227-192 (10/19/95).
H. Res. 239 (10/19/95)	C	H.R. 2492	Leg. Branch Approps	PQ: 235-184 A: voice vote (10/31/95).
H. Res. 245 (10/25/95)	MC	H. Con. Res. 109	Social Security Earnings Reform	PQ: 228-191 A: 235-185 (10/26/95).
H. Res. 251 (10/31/95)	C	H.R. 2491	Seven-Year Balanced Budget	
H. Res. 252 (10/31/95)	MO	H.R. 1833	Partial Birth Abortion Ban	A: 237-190 (11/1/95).
H. Res. 257 (11/7/95)	C	H.R. 2546	D.C. Approps.	A: 241-181 (11/1/95).
H. Res. 258 (11/8/95)	MC	H.J. Res. 115	Cont. Res. FY 1996	A: 216-210 (11/8/95).
H. Res. 259 (11/9/95)	O	H.R. 2586	Debt Limit	A: 220-200 (11/10/95).
H. Res. 261 (11/9/95)	C	H.R. 2539	ICC Termination Act	A: voice vote (11/14/95).
H. Res. 262 (11/9/95)	C	H.J. Res. 115	Cont. Resolution	A: 223-182 (11/10/95).
H. Res. 269 (11/15/95)	O	H.R. 2586	Increase Debt Limit	A: 220-185 (11/10/95).
H. Res. 270 (11/15/95)	O	H.R. 2564	Lobbying Reform	A: voice vote (11/16/95).
H. Res. 273 (11/16/95)	MC	H.J. Res. 122	Further Cont. Resolution	A: 229-176 (11/15/95).
H. Res. 284 (11/29/95)	O	H.R. 2606	Prohibition on Funds for Bosnia	A: 239-181 (11/17/95).
H. Res. 287 (11/30/95)	O	H.R. 1788	Amtrak Reform	A: voice vote (11/30/95).
		H.R. 1350	Maritime Security Act	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. DREIER. Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

(Mr. HALL of Ohio asked and was given permission to revise and extend his remarks.)

Mr. HALL of Ohio. Mr. Speaker, House Resolution 290 is a rule which will allow consideration of H.R. 1058, the conference report to accompany

the Private Securities Litigation Reform Act of 1995. As my colleague from California, Mr. DREIER, described, this rule waives all points of order against the conference report.

I have concerns about the bill for both procedural and substantial reasons. The rights of the minority were repeatedly violated in the conference process. The conference agreement was worked out privately by the bill's sup-

porters without taking into consideration opposing views that could have improved the bill. During Rules Committee consideration of the measure, Mr. MARKEY testified that Democratic members of the conference committee were excluded from every aspect of the conference, and that this represented an outrageous breach of due process.

I also have concerns on substantial grounds. There is agreement on both

sides of the aisle that frivolous securities lawsuits need to be stopped and that the existing law needs to be changed. There is much in this bill that will help. But critics of this bill believe it goes too far and too fast.

It is unfortunate that Democrats were shut out of the conference process. Permitting full participation by conference members on all sides would have made this a much better bill.

The conference report makes numerous changes from the House-passed bill. Many of the provisions in the conference report will result in changes in securities practices in ways that we cannot predict and that could come back to haunt us. I need only remind my colleagues that the banking deregulation of the early 1980's was a case where we thought we were doing the right thing, but reducing Government control had a catastrophic effect a decade later.

During Rules Committee consideration, Mr. BEILENSEN offered an amendment to the rule to provide 2 hours of debate. This was because Democrats were not given an opportunity to participate in the conference process and there were so many critical changes in the conference agreement. The amendment was defeated along party lines. It is unfortunate that the House will not have more time to consider the sweeping effects of this bill.

Mr. Speaker, this bill does accomplish needed reform. However, the long-term implications of this bill should give us all cause for concern. Regrettably, the House is not giving these issues the full airing that they require.

Mr. Speaker, I reserve the balance of my time.

Mr. DREIER. Mr. Speaker, in my remarks I intentionally failed to mention my friend, the gentleman from Thibodaux, LA [Mr. TAUZIN] because I knew I would have the opportunity to introduce him. He has, 8 years ago, introduced the first legislation on securities reform, and we are very pleased that we in the new majority have been able to finally move his legislation forward.

Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Speaker, I rise in support of the rule. What we are dealing with is a part of litigation reform in America that deals with a specific kind of class action lawsuit brought against companies in America whenever their stock prices dramatically change.

The problem with this section of the law is that it does not do what the law ought to do. The law ought to say that a wrongdoer pays for the wrong he committed and that a lawsuit makes sure that the wrongdoer compensates those he injured.

□ 1045

In this particular section of the law, it does not matter whether you did anything right or wrong. In fact, over

90 percent of the lawsuits filed, these big class-action lawsuits, over 90 percent of them are settled for 10 cents on the dollar. In effect, they are shotgun lawsuits, strike lawsuits filed, designed to make all the parties contribute into a settlement fund at 10 cents on the dollar.

What does that mean? It means that the law does not really punish the wrongdoer. It says whether you are wrong or not, whether you are guilty of any wrong, you are going to contribute to a 10-cents-on-the-dollar fund to settle this lawsuit. Why? Because the lawsuits are so huge, they are like aircraft carriers moving through our legal system that the expense of defending the suit is much higher than the cost of putting into that 10-cents-on-the-dollar fund.

So everybody connected with the company puts into the fund to settle the lawsuit, make the lawyers go away, and the wrongdoers are never really punished. It is a system of law out of connection with the purpose of the law.

So we need to change it. This bill we are bringing up on this rule is signed on a conference report by both Democrats and Republicans. It is a bill that, as was pointed out, introduced about 8 years ago, that got very little attention from the former chairman of the committee. It ended up getting only two hearings in all those years. It was finally made part of the Contract With America. It passed this House with 325 votes, nearly 100 Democrats joining the Republican majority in support of this bill.

The Senate has now cleared it with an over two-thirds majority in the Senate. It is ready for us to act upon today. I urge adoption of this rule so that we can get on the conference report and hopefully pass this good bill to make this one important litigation reform.

What does it do? It sets up the proportionate liability so that nobody is deep pocketed, sued in such a way that you better come up with a settlement or you are going to get hit for everything. It ends the deep pockets theory. It requires specific pleading. It sets up a system of dealing with frivolous lawsuits by making the party who brings a frivolous lawsuit responsible for the cost of that lawsuit.

It sets up a new system to allow companies to legitimately advise people in advance of what they expect their company to do so that investors are being properly advised in terms of making investments. It does not eliminate the obligation of wrongdoers to pay for their wrong. In fact, it sets up a system of law to make sure real wrongdoers pay the tab. I urge adoption of the rule.

Mr. HALL of Ohio. Mr. Speaker, I yield 6 minutes to the gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, let me begin by saying that this bill is not controversial because there is a disagreement as to

whether or not we have to crack down on frivolous lawsuits in this country. We agree upon that subject. The issue is whether or not we want to pass legislation that will become the law of this land, that will also prevent meritorious suits from being brought against those that deliberately mislead investors into expending their hard-earned money on financial investments which were, in fact, fraudulent in their nature.

That is what this whole debate is about. We who oppose the bill which is being brought out on the floor today want to shut down the frivolous suits as much as anyone who is a proponent of the legislation. However, what has happened is that over the course of the year, the interest in frivolous lawsuits has been replaced by, for all intents and purposes, an interest in all lawsuits. This bill could, in fact, have been made a good bill, but it was not.

Moreover, the gentleman from Michigan, Mr. DINGELL, the gentleman from Texas, Mr. BRYANT, the gentleman from Michigan, Mr. CONYERS, along with the gentleman from Maryland, Mr. SARBANES and the gentleman from Nevada, Mr. BRYAN on the Senate side, were all excluded from participating in a meaningful way in the crafting of this legislation so that it could, in fact, be made acceptable to all Members while addressing the core issues which each and every one of us wants to see dealt with.

The House bill that passed this body was 36 pages long. The bill which we are considering here today is 75 pages long. We were not allowed to see the final draft until we walked into the conference room to have the vote on this momentous piece of legislation. That is not a proper way to run the legislative process.

All Members should have been included. All Members should have been given notice. All Members should have had the opportunity to make suggestions which would have been appropriate to perfect this legislation. Moreover, I think it is important for all Members to know that, as the year began, the debate surrounded the issue of the 1934 Securities Act. As we are presented with a piece of legislation on the floor today, all of the fundamental changes that have been included to address the 1934 act have now been extended to cover the 1933 Securities Act as well, even though there is no testimony, not one shred of evidence that there has been any abuse by use of the 1933 Securities Act in securities litigation cases.

Let me make one final point at this juncture. We are dealing here with one-tenth of 1 percent of all cases brought in Federal district court, on average, about 125 cases a year. If this crisis of frivolous lawsuits is such a great concern to the Members on the other side, we should be dealing with the issue of companies suing other companies as well, because that is the bulk of cases in Federal district court. This only

deals with the ability of individuals to sue companies.

The reason that we are dealing with only this one area is that companies want to preserve their ability to sue other companies. Disney wants to be able to sue the Motion Picture Association for misuse of the image of Snow White. Burger King wants to be able to sue McDonald's. On and on and on and on. They use the courts in many instances as places for negotiation. But if individuals want to ban together and sue companies, well, we are going to put down a strict new set of guidelines dealing not only with those cases that are obviously frivolous but also where individuals have been deliberately misled, where material information has been withheld from investors with regard to the financial well-being of an institution.

That is wrong. I think everyone should know what is going on during this debate. But most importantly, because I think it strikes at the integrity of the institution, they should understand that those who oppose the bill were completely excluded. And no rule should pass on the floor of the Congress which has in fact treated its own Members in that way.

Mr. DREIER. Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I have a simple comment to make about this legislation and about the way in which it was conceived. It was conceived in sin. I have this to say to my colleagues who have done it. Shame. Shame on them.

This is a raid on the small investor. It is an attack upon the public confidence in our securities system. I hear from my Republican colleagues comments about white collar crime and about criminals and violent crime.

Let me tell Members what the Fraternal Order of Police had to say about this bill, in a letter which was sent by their national president. "I urge you," this is the national president of the Fraternal Order of Police:

I urge you to reject a bill which would make it less risky for white collar criminals to steal from police pension funds while the police are risking their lives against violent criminals.

The International Association of Firefighters had a similar thing to say. Money magazine had these things to say about it, speaking on behalf of small investors:

Congress aims at lawyers and ends up shooting small investors in the back. Let us stop this Congress from helping crooks cheat investors like you. Your 1,000 letters of protest may stop this Congress from jeopardizing investors. Now only Clinton can stop Congress from hurting small investors like you.

Four successive editorials in Money magazine.

The attorneys general of 11 States had this to say in a joint letter:

We cannot countenance such a weakening of critical enforcement against white collar fraud. The bill goes so far beyond what is necessary, it would likely result in a dramatic increase in securities fraud.

The U.S. Conference of Mayors says:

Over 1,000 letters from State and local officials from all regions of the country have been sent to Washington, representing an extraordinary bipartisan national consensus that H.R. 1058 would imperil the ability of public officials to protect billions of dollars of taxpayer monies in short-term investments and pension funds.

Here is what the Association of the Bar of the City of New York had to say:

The safe harbor could immunize artfully packaged and intentional misstatements and omissions of known facts. Protecting knowingly false statements is not consistent with the purposes of the Federal securities laws and encourages exactly the kind of conduct those laws were designed to eliminate.

Our Republican colleagues did this in a dark back room, unattended by anyone who was opposed to their viewpoint, except a coterie of faithful lobbyists who participated in the process. Our Republican colleagues brought us a conference report on which no voice of dissent was heard in the discussions. The bill was presented to the conference just shortly before the conference convened.

What is in this bill? Virtual repealer of much of the protection of American investors, an open attack on the public confidence that we have in the securities market, and, in the safe harbor provisions, an active protection for fraud. It permits the law firm, for example, of Sly, Sneak and, Crook to put forward wonderful words of caveat like "you really should not believe this particular footnote because it is not true, but." We are going to see more investor fraud and more loss of confidence in the securities industry than we have seen for years.

People tell us that the securities industry functions on the basis of money. It does not. It functions on the basis of public confidence. And if the public confidence is there, billions of dollars are made by everybody and we have, in consequence of this, the most liquid, open, and fair system of raising capital in the history of mankind. It is a miracle of the age. People come from all over the world as investors, as sellers of securities to participate in this market.

This legislation will go light years toward jeopardizing the public confidence in that market. I urge Members to reject this rule.

Mr. DREIER. Mr. Speaker, I yield 6 minutes to the gentleman from Newport Beach, CA [Mr. Cox], the prime author of this legislation.

Mr. COX of California. Mr. Speaker, I thank the gentleman for yielding time to me.

I appreciate the fiery rhetoric of the former chairman of the Committee on Commerce who led 99 of our colleagues to vote against this bill when it was

overwhelmingly approved, over half the Democrats voting in favor of it and virtually all the Republicans earlier this year.

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But I have to take issue with what the gentleman said, because it simply is not true. What the gentleman said is there is an extraordinary bipartisan national consensus against this bill. The truth is, there is an extraordinary bipartisan national consensus in favor of this bill, which originally was, after all, the Dodd-Domenici bill. CHRIS DODD, presently the cochairman of the Democratic National Committee, is obviously not a Republican. PETE DOMENICI, the very respected chairman of the Committee on the Budget in the Senate, worked together with CHRIS DODD on this, well in advance of this bill becoming part of the Contract with America.

Because it was not conceived in sin by Republicans, but initiated in this bipartisan way by CHRIS DODD and PETE DOMENICI, we found that the bill yesterday passed the Senate once again with more than two-thirds voting in support. At last check, TED KENNEDY, who is not a flaming Republican, but TED KENNEDY, who represents so many high-technology companies in Massachusetts who are being victimized by fraudulent lawsuits by crooks and lawyers, working in tandem in many cases, these people need protection from our securities laws too. That is why PHIL GRAMM, TED KENNEDY, PETE DOMENICI, and CHRIS DODD, people on both sides of the aisle, have all come to agreement on this very important investor protection.

The safe harbor, which my colleague implied was some sort of Republican attack on small investors, was in fact an investor protection offered on the floor of this Chamber, not by a Republican, but by my good and wise colleague from California, NORM MINETA. The safe harbor provision of this bill was carefully drafted in concert with the Securities and Exchange Commission, and no less than the chairman of the Securities and Exchange Commission, appointed by President Clinton, Arthur Levitt, has said yes, this is a sound, safe harbor. The reason that we have it, of course, is so that investors and the market can get the very best information possible, so that they can protect themselves. That is what this bill is all about.

But, more than anything, we are not just protecting investors with this bill, we are protecting everyone in America. Yes, those who might have invested through their pension plan, or those who might have invested through a mutual fund, but everyone in America ultimately who uses the products manufactured by high-technology companies, who are the special victims of this kind of securities fraud, fraud through the device of a lawsuit.

I just want to mention one example of the kind of fraud we are going to

crack down on with this legislation. A company in San Diego, Alliance Pharmaceuticals, a very, very fine company, manufactures innovative drugs to treat critically ill patients with acute lung injury. Their drug, now in development, a highly oxygenated liquid which allows the lungs to breathe liquid, reportedly could help as many as 80,000 premature babies with insufficiently developed lungs to have the gift of life.

This bill is for Adriana Mancini, who was born weighing 1 pound 10 ounces, with a 1 in 10 chance of living. The drug, manufactured by Alliance Pharmaceuticals of San Diego, saved her life. Her mother, in a television report about this story, said, "I prayed, please God, save our baby, and God did." The agent of God's miracle was Alliance Pharmaceuticals. The company came through with the medication that, as I said, can be used on 80,000 premature babies every year.

What Adriana's mother said, and it is important for everyone in this Chamber to hear this, is:

I just wish that everyone could have been in that room to see the joy and excitement on everybody's faces. A baby who was about to die made an exciting 180-degree turn-around.

Alliance Pharmaceuticals for its role in helping baby Adriana found itself on the wrong end of a fraudulent lawsuit, that is the only way to describe it, a fraudulent lawsuit, that was brought within 24 hours of the public announcement of nothing more than a delay in a new product development.

The president of this company wrote to the President of our country, and I would like to quote from his letter:

Reform of the private securities litigation laws is needed to protect the companies that are victims of frivolous suits.

I should add that Alliance won its lawsuit, but they have received no compensation for all the lost time of their workers who were developing drugs. They received no compensation for all of the legal fees that they had to spend. There was nothing that could be done about the fact that all of the management were taken away from their critical job. These suits, which are brought to extort settlements, do nothing more than injure all of us. Let me continue reading from his letter.

Reform of the private securities litigation laws is needed to protect the victims of frivolous suits, while preserving the ability for shareholders to recover in instances of fraud. It is unconscionable that greedy lawyers are allowed the virtual unrestricted ability to promote their own self-interests. Companies like Alliance are developing truly innovative and potentially life-saving products. Every dollar we spend defending these meritorious suits is one less dollar available for meaningful research and one less dollar available for shareholders.

Mr. Speaker, let us move forward with this critically important legislation, which is so bipartisan and has overwhelming support.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. RADANOVICH). Members should avoid

references in debate to Members of the other body.

Mr. HALL of Texas. Mr. Speaker, I yield 3 minutes to the gentleman from California, Mr. FILNER.

Mr. FILNER. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I will be opposing the rule and the bill. It is clear from the statements that we have heard and every editorial, every statement that I have read over the last few months, that if we had a reasonable and carefully crafted reform to the provisions of the antifraud cases that give rise to securities class actions, that would attract a resounding consensus in this body and around the country.

Instead, this legislation has attracted extraordinarily firm opposition from a broad group of people who have been involved in these issues. Virtually every witness with a reasonable claim to being objective and impartial testified in opposition to the initial Republican proposals earlier this year. The group representing securities regulators from all 50 States oppose it; groups representing the officials in State and local governments who issue municipal bonds oppose it. The U.S. Conference of Mayors and National League of Cities oppose it, along with more than 1,000 local officials, ranging from district attorneys to town treasurers to county commissioners.

The AARP, the National Association of Senior Citizens, the Gray Panthers all oppose it, as do the National Council of Individual Investors. Consumer Reports, Consumer Federation of America, and a host of other consumer groups oppose it. The AFL-CIO, the Teamsters, the Machinists, the Communications Workers, the American Federation of State, County and Municipal Employees, and the United Auto Workers, all these who manage more than \$100 billion in pension funds for retirees, oppose it. The Fraternal Order of Police and International Association of Firefighters also strongly oppose this legislation.

Mr. Speaker, if one reads the press beyond the Beltway, it overwhelmingly opposes it. If there is strong support for reasonable measures to stop frivolous lawsuits, but opposition to this bill, does that not tell us a lot?

I urge my colleagues to demonstrate that this bill should be fixed by voting "no"; "no" on the rule and "no" on the bill.

Mr. HALL of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Speaker, let me point out something that I think everyone should understand as we take up this bill today. That is that the Congressional Budget Office estimates that there will be new burdens for the Securities and Exchange Commission as a result of the passage of this legislation. Here is what CBO said:

By discouraging private litigation, enacting this bill would result in an increase in the number of enforcement actions brought by the SEC. CBO expects that the number of financial fraud enforcement actions would at least double, and possibly triple. Therefore,

CBO estimates the enactment of the bill would increase costs of the Securities and Exchange Commission for enforcement actions by \$25 million to \$50 million annually, or \$125 million to \$250 million over the next five years.

CBO's objective analysis is extremely revealing. First, it demonstrates that the CBO believes that this legislation will prevent defrauded investors from bringing meritorious cases, leaving the burden entirely on the Securities and Exchange Commission. So the CBO has in effect confirmed our fear that this legislation goes too far and will harm innocent investors in its zeal to wipe out frivolous lawsuits.

Now, one might reasonably ask whether the CBO analysis is credible, whether it is reliable, whether it is in fact accurate. That is a fair question. So we decided to look at what Republican leaders have been saying about the credibility of the CBO. Here are some of the more recent excerpts.

Committee on the Budget Chairman JOHN KASICH has made several recent comments about the CBO. In just the last few days he has said that the "CBO has painstakingly earned its reputation for accuracy and credibility over the years."

On the "MacNeil-Lehrer News Hour" 2 weeks ago, Chairman KASICH said, I guess just the "Lehrer News Hour," that the "CBO cannot be bullied; they cannot be beaten up, and their integrity will not be questioned."

On "Larry King Live" just 3 weeks ago, he said, "After using the CBO and understanding the integrity of the way they work, it's the best way to go."

Senator TRENT LOTT, the Republican majority whip in the Senate, said in a press conference 3 weeks ago, "We've got to have reliable numbers. CBO has been reliable over the years. Even this year, with some of the things we would like CBO to have said, they've said no, that's not a fact. So they are the honest brokers."

Of course, the legislation does not include a \$25 to \$50 million annual supplement to the Securities and Exchange Commission to make up for some of the meritorious and nonfrivolous cases which will have to be brought by the SEC as a result of passage of this legislation, cases where there has been actual fraud. Instead, the SEC budget is frozen and they are in fact fortunate to get that, because the Senate Finance Committee has actually targeted them for a 20 percent cut, even though this is a time of record growth, activity, participation and complexity in our capital markets and, after the passage of this bill, needed additional enforcement where there are actual meritorious cases involving deliberate fraud on the part of companies, financial firms, on innocent investors across this country.

By the way, the CBO is not alone in this forecast. Former Republican SEC